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BUREAU OF INSURANCE

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ADMINISTRATIVE LETTER 1985-17

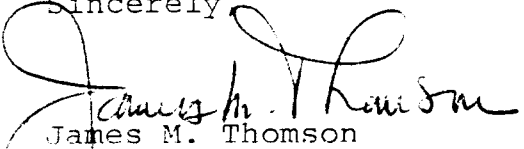
TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY
INSURANCE IN VIRGINIA

RE: APPRAISAL CONDITIONS

The Bureau of Insurance has become aware that many companies have filed policy forms which contain appraisal conditions which may be construed as binding. Binding appraisal conditions are not permissible in Virginia according to case law. This applies to standard automobile and statutory fire policies as well.

Therefore, the Bureau of Insurance will not approve appraisal conditions in any property and casualty contract unless the policy form specifically states that the award is not binding. In addition, it is permissible to make compliance with an appraisal condition a condition precedent to filing suit. Companies should review all currently approved property and casualty forms and file the necessary amendments.

Sincerely,


James M. Thomson
Commissioner of Insurance

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